

# TO MY VALUED CLIENTS

A prominent economist has added his name to the growing number of industry pundits who are urging regulators to revisit the B-20 stress test regulation. Benjamin Tal, CIBC Capital Markets Deputy Chief Economist, is calling for a more flexible benchmark for the B-20, which took effect in January 2018 for all uninsured mortgages.

Tal feels that the stress test was probably necessary to, as he puts it, "save some Canadian borrowers from themselves". However, he seriously questions the 200-basis point number (all borrowers must qualify at a rate which is the higher of 200 basis points above their contracted rate or the qualifying rate which is now at a lofty 5.34%).

Tal maintains that B-20 as it currently stands doesn't take into account the following key items:

- The rise in average personal income in Canada
- The gain in equity over the course of the mortgage term
- The lower risk of longer-term mortgages

Tal is certainly not the first to urge regulators to take another look at B-20. In recent months, several real estate boards have also called on the Office of the

Superintendent of Financial Institutions (OSFI) to revisit the stress test in order to cut potential homebuyers some slack. They argue that the rule is making it more and more difficult for would be homebuyers to qualify for a mortgage, which, in turn, is negatively impacting the housing market.

Meanwhile, the newly introduced First-Time Home Buyer Incentive (announced in the March Federal Budget) is not expected to have a major impact on the market. Under this proposal, Canada Mortgage and Housing Corp (CMHC) will provide up to 10% funding for new homes and 5% for existing homes to reduce the cost of mortgage payments. However, Tal says that the program won't be a game changer, estimating that it will impact only 3% of borrowers.

As usual, your client referrals are both highly valued and greatly appreciated. Until next time, take care!



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## FEATURED PROPERTIES



**SOLD**  
This property was just sold for 117% of the list price! Bright and sunny 4 bedroom, 3 bathroom home. Features a beautiful foyer with hardwood furnishings. Short walk to transit and amenities!



**FOR SALE**  
Exclusive  
Fabulous 3 bedroom, 4 bathroom townhouse. Master bedroom features walk-in closet and 4-piece ensuite. Newly renovated kitchen means the kids won't go hungry! **Call me today for details!**



**FOR SALE**  
Newly Renovated!  
Newly renovated from the ground up. 3 bedroom, 3 bathroom + den home in a quiet hamlet. Features updated kitchen with stainless-steel appliances, and guest bedroom. **Asking \$789,000.**

# JOHN SAMPLE'S MARKET VIEWS

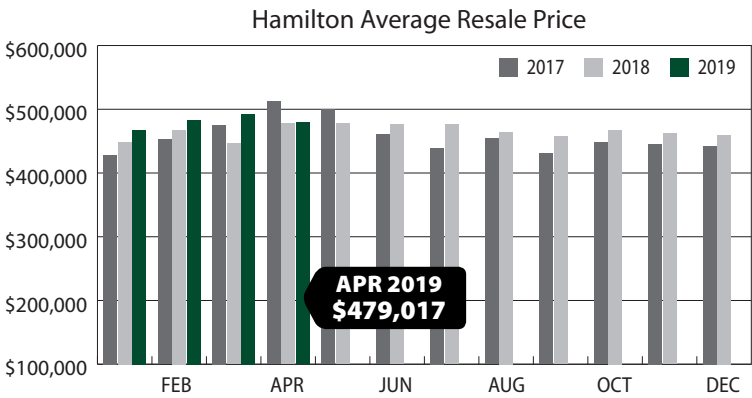
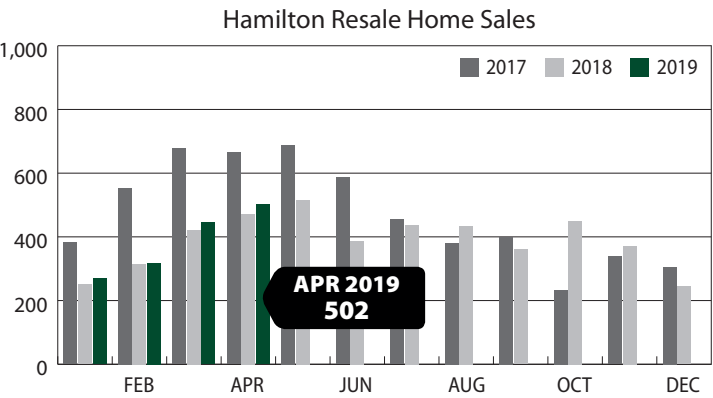
## HAMILTON RESALE VOLUME CONTINUES STRONGER IN APRIL

**MARKET HIGHLIGHTS**

- April sales volume was up by 6.6% versus last year, bringing year-to-date growth to 5.1%
- April average selling price slightly up versus last year (+0.3%); however year-to-date price growth stands at 4.4%
- Market is showing a solid recovery trajectory in the wake of market softness caused by the Jan 1, 2018 mortgage stress-test introduction
- Active listings not keeping pace with market growth (+0.2% versus +6.6%); this will eventually create market tightness and more rampant price growth

**Resale Home Sales**  
**+6.6%** year year  
**Apr 2019**  
**502**  
**Apr 2018**  
**471**

**Average Resale Price**  
**+0.3%** year year  
**Apr 2019**  
**\$479,017**  
**Apr 2018**  
**\$477,410**



for more detailed Hamilton statistics: **JOHNSAMPLE.INFO**



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# Landscaping rules you need to know

Thinking about adding a gazebo to your backyard? Before you go and make your yard dreams a reality, it's important to check up on your municipality's landscaping regulations first. Here's what you'll need to know if you plan to embark on one of these backyard projects.

## Adding a structure

Whether you're thinking of adding a gazebo, pergola, storage shed, or any other kind of structure in your backyard, you may need to apply for and obtain a building permit, as well as pay the applicable fees. This will need to be done before you begin any construction.

Once you've received the permit and your project has begun, you'll need to book an inspection for your site, which may happen several times during the construction phase. Once the final inspection has been completed, the permit is officially closed.

There are some projects that may not need a permit at all, such as outdoor structures that do not exceed a certain length or height. It's important to double-check what the permit requirements are in your area.

## Installing a fence

Some cities have restrictions in regards to the height of residential fences. The City of Toronto, for example, stipulates that the maximum height for most front yard fences is 1.2 metres, while side and rear fences is between 2.0 and 2.5 metres. There are also restrictions on what materials can be used, such as barbed wire, sheet metal, or any sharp or electrified material.

There are different rules when it comes to swimming pool enclosures. In most cases, swimming pools are required to have a fence and therefore a permit will be needed.

*This information should not be relied on as legal advice, financial advice or a definitive statement of the law in any jurisdiction. For such advice, please consult your own legal counsel or financial representative.*

## Adding a fire pit

A fire pit is a great way to add some warmth and enjoyment to your backyard. However, they can pose hazards for people and the environment, which is why you should find out what your city's rules are. In the City of Vancouver, for instance, firepots, chimneas, or any wood-burning appliances are not allowed anywhere on private or public property. However, fixed gas and propane fire pits are perfectly legal, but individuals are still required to obtain a permit. Check your municipality's fire code, ordinances, and permit requirements if you're curious about the rules.

## Adding a hot tub

In most cases, a permit is not required to install a hot tub in your backyard as long as it complies with the municipality's zoning by-laws. Homeowners should follow the standards set by their city, which will stipulate where the hot tub can be located, the minimum distance it should be from the lot line, whether it will require a fence enclosure, and whether it is required to have a lockable attached cover.

## Removing a tree

In many cases, trees can only be removed if they meet one of the reasons listed by your municipality. For example, trees may be removed if they are dead, dying or diseased; if the roots are interfering with the sewage system; or if they are causing serious damage to your property. If one of those reasons is met, then you'll most likely be issued a permit to remove the tree on your property. Some city standards also require homeowners to plant a replacement tree for every tree that is removed. Any unauthorized removal of trees, even on privately owned land, may incur fines and penalties.

# Smart ways for homeowners to use their tax refund

*If you're expecting a tax refund this year and you're not sure how you're going to use it, a smart move is to put it towards your home finances. There are plenty of ways to put that extra cushion to good use.*

### *Make a lump-sum mortgage payment*

If you want to pay off your mortgage faster, one of the best ways to do that is to make a lump-sum payment. Doing so allows you to pay more against your principal, lowers the amount of interest you pay over time, and shortens the time it takes to pay off the entire loan. You'll need to ask your lender what your pre-payment privileges are and how much you are allowed to pre-pay before charges are incurred. Most lenders allow borrowers to make an annual lump-sum payment up to a certain percentage of the original principal amount without paying a fee.

## Beef up your emergency fund

Homeowners need to be prepared in case a major house repair arises. If a rainy-day fund is something you've been putting off, then this is a good time to tuck some of that tax refund into your savings. The common rule of thumb is to have an emergency fund that will cover at least three months' worth of living expenses. So if your household expenses total \$2,500 a month, you should have a cushion of at least \$7,500. Another rule of thumb is to keep those savings liquid, such as in a high-interest savings account, so that they are easy to access whenever you need it.

## Make home improvements

The average tax refund in Canada last year was \$1,788. This isn't enough to completely overhaul your kitchen but even the most modest improvements can make a drastic difference to your quality of life and the appeal of your home. For less than \$1,000, you can repaint several rooms, modernize your faucets and hardware fixtures, re-glaze your bathtub, replace your blinds, install a new front door, or add new tiling to the bathrooms.

## Upgrade to an energy-efficient appliance

That 30-year-old refrigerator is probably losing you money. Put your tax refund towards energy-saving appliances that will keep your utility bill down. Since the refrigerator is one of the hardest working appliances in your house, you'll see the most savings when you upgrade this particular appliance. Look for models where the freezer is located on the top. This is considered to be the most energy-efficient style compared to bottom-mount or side-by-side fridges.

## *Increase your liability coverage*

If you've made changes to your home or lifestyle, it's important to review your home insurance policy to make sure you're adequately protected should something happen to your home. Think about any big-ticket purchases you've made recently, such as new jewellery, electronics, or artwork. If you've remodelled your home, you might need additional coverage. Even having a new pet increases the amount of protection you'll need.

Additionally, if your home insurance policy does not cover you in the event of overland flooding, which occurs when bodies of water overflow onto dry land, this is something you might want to consider, especially if you live in an area prone to flooding.

### *Install a programmable thermostat*

A smart thermostat is perhaps not the most exciting thing to spend your tax refund on, but it could save you money in the long run—and that's just sound money management. Since heating your home accounts for a huge chunk of your total energy bill, a smart thermostat allows you to adjust the temperature throughout the day, which means you can lower the temperature by a degree or two when you're sleeping or shut it off altogether when you're not in the house.